



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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CORPORATION COMMISSION ISSUES ORDER AGAINST FOUNDER OF FRAUDULENT GOLD MINING PROJECT

PHOENIX – The Arizona Corporation Commission entered an order against Garreth Patton, 37, of Rapid City, South Dakota, for violating multiple provisions of the Arizona Securities Act in connection with the offer and sale of stock in an Arizona mining company, Calumet Slag, Inc.

The Commission found that over a period of several years, Patton sold unregistered securities, acted as an unregistered dealer and salesman, and committed multiple counts of securities fraud. As a result of these actions, the Commission ordered Patton to cease and desist from further violations of the Arizona Securities Act, to pay \$450,000 restitution to investors, and to pay administrative penalties of \$40,000. The Commissioners signed the order after last week's Open Meeting.

In 1992, Patton incorporated Calumet Slag in Arizona for the purpose of extracting precious metals from an abandoned slag pile located in the Black Hills of South Dakota. Shortly thereafter, Patton began selling shares of Calumet stock to investors to finance his company's operations. During this time, neither the Calumet securities nor Patton was registered with the Securities Division.

Patton repeatedly assured investors that test samples showed that the slag pile contained valuable

minerals. In 1994, however, a reputable mining company sent a geologist to the Calumet site to test the slag. These independent test results indicated that there were in fact no significant amounts of gold, platinum or silver contained in the slag pile. Despite these results, Patton continued to claim that the slag pile was worth more than \$15 million. By 1999, Patton had raised at least \$450,000 from the sale of Calumet stock. Despite this influx of capital, the slag pile was never processed and the pile remains dormant.

Mark Sendrow, Director of the Arizona Corporation Commission's Securities Division, warns that the Division has seen many similar mining cases over the years. "Investors need to check with the Securities Division to see if the offering is registered in Arizona. Most importantly, investors should be skeptical about any investment that is touted as a sure thing or guaranteed. Mining ventures ordinarily are very speculative investments and too often end in a total loss for investors."

Sendrow encourages the public to investigate before they invest by contacting the Securities Division at (602) 542-4242, calling the Division toll free at 1-877-811-3878, or visiting the Division web site at www.ccsd.cc.state.az.us.

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